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C O N F I D E N T I A L SECTION 01 OF 05 SHANGHAI 007139

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E.O. 12958: DECL: X1 MANUAL REVIEW  
TAGS: [PGOV](#) [PINR](#) [EINV](#) [ECON](#) [CH](#)  
SUBJECT: CONSULTATIVE DEMOCRACY YIELDING FRUIT IN WENLING

REF: A) SHANGHAI 155; B) SHANGHAI 183

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REASON: 1.4 (b), (c), (d)

11. (C) Summary. An open budget initiative that is moving into its third year in Zeguo Township of Zhejiang Province's Wenling municipality, has introduced an unusual level of participatory democracy. The process was launched out of the Zeguo Party Secretary's frustration with competing voices for the town's

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limited budgetary resources and the inescapability of the perception of corruption caused by closed-door budget negotiations. The initiative, which randomly selects nearly 300 participants to act as an advisory body to the local government in drafting the budget, was orchestrated by Stanford University Professor James Fishkin and Australian Professor He Baogang and is an outgrowth of the "democratic consultation" process Wenling has been experimenting with over the past six years. While one contact warned that the experiment could run into future problems and have limited impact, others claimed the project was advancing a form of consultative democracy, which is reportedly being studied by an advisory body in Beijing. This is the first of two cables about democratic experimentation in Wenling. The second cable focuses on experiments in legislative democracy being carried out in some of Wenling's other townships. End Summary

12. (C) Poloff traveled on October 6 to Wenling, an administrative region under Zhejiang Province's Taizhou City to meet with Chen Yiming, Head of the Wenling Municipal Propaganda Department's Theory Office, Deputy Director of the Wenling Municipal People's Democratic Consultation Work Office, and author of Wenling's political experimentation. Separately, Poloff met on May 10 with Jiaotong University Law Professor Zhu Mang who traveled to Wenling's Zeguo Township in April 2005 to observe the democratic consultation process. Poloff also met on June 21 and October 25 with Shanghai Municipal People's Congress researcher Zhou Meiyang to discuss Wenling's reforms. Zhou has been advising Chen on his reform program and has been promoting Chen's experiments within Shanghai and national-level political

circles.

13. (C) Zhou also forwarded Poloff the presentation materials and summary notes from a November 2005 conference in Beijing that examined Zeguo's experiment. That meeting was attended by about 40 participants from the United States, Brazil, Beijing, Shanghai, and Zhejiang. Later, she forwarded Poloff the summary of a May 13-14 2006 "Workshop on the Legislature, Budget Supervision, and Public Finance," hosted jointly by the China University of Politics and Law, Peking University, and the Yale Law School that primarily discussed the Wenling reforms.

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Birth of "Democratic Consultation Meetings" in Songmen  
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14. (C) According to a 2005 book Chen co-edited entitled "Democratic Consultation: Creation of the People of Wenling" (Minzhu Kentan: Wenling Ren de Chuangzao), the system of "democratic consultative meetings" ("minzhu kentan huiyi" or "minkenhui") began in Wenling's Songmen Township--Chen's hometown--in June 1999. At the time, the Taizhou Municipal Propaganda Department and the Wenling Propaganda Department were charged with finding an innovative way to educate local residents about the town's agricultural policies, which avoided the "listen-to-what-I-say" town meetings that local villages had been hosting. The solution they came up with was to hold a "Conference on Building a Modernized Agricultural Countryside," which allowed cadres and local residents to communicate face-to-face, giving the residents the opportunity to voice their opinions as well as listen to what local officials had to say. The meeting attracted over 100 participants and was so successful that Songmen decided to hold a total of four meetings that year. Over 600 people attended altogether, offering 110 suggestions, 84 of which were responded to, with 26 leading to promises of action.

15. (C) By the end of 1999, the Wenling government called for the expansion of the "Songmen Method," and held public hearings that had genuine give and take throughout the Wenling municipality. In August 2000, the Wenling Party Committee and

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the Zhejiang Daily co-hosted a conference in Wenling and adopted the phrase "Democratic Consultation" to describe the myriad of discussion meetings that had sprung up. The conference also decided to label the meetings as "democracy building" and the Wenling Party Committee gave its seal of approval. Around this time, Chen said, he began to realize that the work of building democracy was more important than ideological work and began focusing all of his efforts toward this.

16. (C) In 2001, the Party Committee reviewed the "Democratic Consultation" effort, decided the Propaganda Department was doing a great job, and officially assigned the "Building Grassroots Democracy" portfolio to the department. Chen said that his efforts in the Propaganda Department were given a boost of legitimacy with the 16th Party Congress Communiqué in 2002 that called for building "people's democracy" and strengthening "people's supervision."

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Letting the People Speak in Zeguo  
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17. (C) After the initial success of the minkenhui, Chen, with the cooperation of Zeguo Township Party Secretary Jiang Zhaohua, set out to deepen the people's supervisory authority of the government. Zeguo is a relatively wealthy township with a registered population of about 120,000 people and another estimated 10,000 migrant workers. According to materials provided by Zhou, Zeguo had an annual public works budget of around 40 million RMB for several years. However, according to Professor Zhu, in recent years, needs outpaced means in Zeguo, with annual public works budget proposals routinely running upwards of 100 million. Zhu said that Wenling Party Secretary

Jiang had complained about the difficulties of trying to balance all of the competing interests within the government, all of whom wanted a bigger piece of the pie. According to Zhu, the Party Secretary was also concerned about the influence of several wealthy contractors who had been bribing government officials.

¶18. (C) Zhu said that although minkenhui had been held in Zeguo since 2000, people there remained somewhat apathetic. At a 2004 conference on minkenhui in Hangzhou's Zhejiang University, Jiang met Australian Professor He Baogang and Professor Fishkin and asked them to help design a scientific method to increase public participation in governance. Working with Chen and others in the Propaganda Department, Zeguo held its first budgetary minkenhui in March 2005.

¶19. (C) According to the materials from the November 2005 conference, the town government was allocated 40 million RMB for its 2005 public works budget. At the beginning of the year, the township government selected 30 public works projects that it considered to be most important. It then had a panel of experts carry out research into the proposed projects to determine the costs and put forward impartial explanations of what each project would entail. The government found that the projected cost of all 30 projects was almost 137 million RMB, more than three times their budget.

¶110. (C) Using the method designed by Fishkin and He, the government then selected 275 people through a scientific random sampling process that represented all of the different interests of the township's constituencies. Of the 270 who actually participated in the exercise: 66.8 percent were male; 33.2 percent were female; 94.4 percent were married; 5.6 percent were engaged; and the average age was 47.5. Interestingly, 11.2 percent of the participants were also illiterate. According to Professor Zhu, the illiterate were initially going to be excluded from the proceedings until they successfully argued that they possessed wisdom from which the group could benefit.

¶111. (C) According to the conference materials, after representatives were chosen, they were each given a copy of the findings of the panel of experts to review for 15 days. On April 9, the representatives convened a minkenhui at the local high school to discuss the issues. The participants separated into 16 small groups where everyone was allowed to voice their opinions and express their concerns about the proposed items. They were also asked to fill out a questionnaire before they began, marking each project with a grade from "0" to "10," with "0" being items that the respondents felt were a complete waste of resources. One of the high school's teachers was assigned to chair each of the groups and ensure that government officials

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did not attend the discussions. The illiterate participants were assisted by high school teachers during the minkenhui. (Note: We assume that the family members assisted the illiterate participants review the materials prior to the minkenhui. End note.)

¶112. (C) According to Zhu, the groups tried to come up with a unified budgetary proposal. The stipulation was that the budget must have only ten items or less and could not exceed 30 million RMB. The groups then chose a spokesperson to present each plan when the groups reconvened in an upstairs auditorium. In groups that could not come up with a unified proposal--some had two or three proposals--spokesmen for each proposal were assigned. The chair of the large meeting (also a high school teacher) then called on the spokesperson for each proposal to briefly describe how they had reached their ideas and gave a panel of 12 experts a chance to weigh in with their feedback and suggestions. The participants then divided into their small groups a second time to discuss their proposals again. They redrafted their proposals based on the discussions (most groups only had one this time), and reconvened the large group to discuss the proposals and receive feedback from the experts. According to conference materials, the full body of the Zeguo government

attended the large group meetings as non-participating observers. After this final meeting, each member filled out another questionnaire nearly identical to the first, ranking their budget preferences.

¶13. (C) The questionnaires revealed a shift in priorities after the exercise. There was a large increase in support for projects that dealt with water pollution, environment and sanitation. Participants ranked environmental protection as the most important factor in their decision-making (9.64 out of 10) and economic development as a close second (9.08). The experiment also served to raise people's understanding of issues the government faced in deliberating its budget. Accurate knowledge about the increase in the town's financial revenues, for instance, jumped more than 21 percentage points after the minkenhui, while the understanding of how many migrant workers were in Zeguo increased more than 19 percentage points.

¶14. (C) The participants were also asked to rank the effectiveness of the exercise. They gave a rank of 8.46 to the utility of the small group discussions and a rank of 8.66 to the large group meeting. All of the representatives believed that the minkenhui had treated everyone's ideas fairly and that the chairpersons of the small groups basically acted justly and did not use their positions as a bully pulpit to browbeat other members into agreeing with them.

¶15. (C) After the minkenhui ended, the government convened a work conference with the relevant component officials. The work conference took the results of the second survey and laid out the projects in the rank order given by the minkenhui participants. The work conference took the top 12 projects--with an estimated cost of 34.4 million RMB--as the items for its 2005 budget, with the next 10 items--with an estimated cost of 22.5 RMB--as reserve projects, to be addressed if and when funds were available. The municipal People's Congress passed the budget 82 to seven with one abstention.

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Zeguo 2006: Even Better the Second Time Around  
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¶16. (C) According to Zhu, Zeguo continued the budgetary experiment in 2006, although with three main differences that made the groups more representative and encouraged broader discussion. First, migrant workers who had resided in Zeguo for several years were included in the pool of participants and each small group had one or two migrants. Second, in 2005, the random sampling procedure was based on family, and not individuals. Each family that was selected chose its representative, which probably accounted for the high percentage of males and married participants. In 2006, however, the sampling used individuals rather than families, allowing "young women and old grandmothers" equal chance to participate. Due to the change in sample, Zhu noted that the illiteracy rate among the participants jumped to 14 percent. Third, the 16 small groups were divided into two categories. Six of the groups were run as in 2005. In the other 10, however, the chairman took an active devil's advocate role, encouraging the participants to look at the projects from every possible angle.

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Provincial Leaders Give OK  
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¶17. (C) Zhu noted that the officials involved in the program were all very pleased with its success. The Zeguo Party Secretary, in particular, was happy with the results, since it

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gave him a good excuse to turn down bad programs being pushed at him by corrupt superiors and others. The officials also said that it kept problems associated with the implementation of these projects down, since the projects were suggested by a

group that supposedly represented the general population's interests.

¶18. (C) According to Professor Chen, the provincial leadership was on board with these reforms. The Taizhou Mayor and Party Secretary had both praised the Zeguo experiment, as had the

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Zhejiang Provincial People's Congress. Zhejiang Party Secretary Xi Jinping visited Wenling in 2005 and applauded the minkenhui activities, particularly the Zeguo experiment.

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Limits on the Love-fest  
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¶19. (C) Although all observers and participants of the program Poloff spoke with had nothing but praise for the Zeguo experiment, Zhu raised several potential problems for the program's continuation or expansion and limits on its impact on China's democratization. First, the minkenhui process itself was quite expensive. The 2005 minkenhui cost Zeguo 100,000 RMB to host. While the township was able to trim costs to 50,000 RMB in 2006, Zhu said township officials estimated that was the bare minimum needed to convene such a meeting. Although the Zeguo leaders felt this was a small price to pay for social harmony, Zhu doubted that poorer towns or villages could afford to host such an event, regardless of its benefits.

¶20. (C) Second, was the issue of control. Although Zeguo's experience had been positive to date, Zhu asked what would happen if the people's budgetary priorities clashed with the desires of the leadership? He said that in practice, this process took away some of the authority of the People's Congress and put it in the hands of the people. By thus empowering the people, it would be very difficult to overrule the budget proposals put forward by the minkenhui without risking social instability.

¶21. (C) Third, Zhu noted that much of the success of the Zeguo experience was due to Zeguo Party Secretary Jiang Zhaohua. Jiang was a promising young official in Beijing but quit his job so he could return to his hometown. Jiang was not interested in promoting himself and understood that with power came responsibility. He was one of the rare officials who was willing to share his power with the people he served. Zhu speculated that if a different person were in charge--one given to graft or power seeking--then the Zeguo experiment would ultimately fail. Not all leaders were willing to cede even part of their authority to the public.

¶22. (C) At the May workshop, Chen disputed this notion, arguing that the "political ecology" in Wenling was gradually changing and that public awareness of democracy was increasing so that even with a change in personnel, reforms would continue to move forward. At the same meeting, however, Qinghua University Professor of Public Administration and Vice President of the NGO Studies Institute Jia Xijin argued that to protect the budding reforms, current practices needed to be institutionalized, including: the public's right to information; the right to participate and express opinions; the right to supervise; and codified voting procedures, including shifting from a raise of hands to vote by secret ballot.

¶23. (C) Finally, Zhu said, although it had made real breakthroughs in returning power to the people, the Zeguo experiment needed to be viewed in perspective. Only a part of the budget there was open to public review. Zhu said that there were no plans at present to allow people to introduce items on the budget, noting that people were only allowed to discuss what the government had already put forward as its priorities.

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Pushing "Consultative Democracy" Forward  
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¶24. (C) According to Zhou, Zeguo was advancing a form of "consultative democracy" (xieshang minzhu), or "participatory democracy" (canyu minzhu). In Chinese consultative democracy, the people, through a representative body, were able to participate in the decision-making process, although not able to necessarily make decisions. She said that China's current official consultative body was the Chinese People's Political Consultative Conference (CPPCC), an advisory body designed to legitimize Communist Party rule by allegedly giving voice to "grass roots" interest groups (Ref A). The Zeguo experiment, however, was moving the representative group beyond the consulting role and empowering it with direct influence over the government.

¶25. (C) Zhou said that the Central Government was taking an active interest in studying Zeguo's experiment. Beijing was using the Central Editing and Translation Bureau (ETB) (zhongyang bian yi ju)--originally set up to retranslate the works of Marx and Engels as part of the Marxist Revival campaign (Ref B)--to examine Zeguo's reforms. Heading the effort was liberal scholar and Director of Beijing University's Center for Comparative Politics and Economics Yu Keping, whom Zhou described as being "trusted" by President Hu Jintao. Liberal scholar He Zhengke was also involved in the research project. According to Zhou, the ETB liked what was happening in Zeguo and was promoting the line that China needed to more broadly implement participatory democracy to allow for multiple views and voices to be heard.

¶26. (C) According to Zhou, the ETB recently published a book called "Participation is Democracy" (Canyu Shi Minzhu) describing the participatory budget experiments that had been carried out in Brazil's Porto Alegre. Zhou said that the Zeguo experiment had been loosely based on the Porto Alegre model. (Note. According to press reports, the Porto Alegre model was first developed in 1989 and utilized a system of community meetings where local democratically elected representatives worked to prioritize infrastructure needs identified by the city. The representatives, in conjunction with the municipal government, developed a budget plan and an investment and services plan, which they submitted to the mayor and city council for approval. End note.)

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Comment: Baby Steps  
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¶27. (C) The Zeguo experiment is one of the only efforts the Consulate has heard of to genuinely empower the people at the expense of governmental authority. As Professor Zhu rightly pointed out, however, these steps are small when compared to the progress that Chinese political reformers would like to see. Moreover, the Zeguo model, while technically legal, was not codified in the official bureaucratic decision-making structure, and hence is potentially subject to the whims of the officials in power.  
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